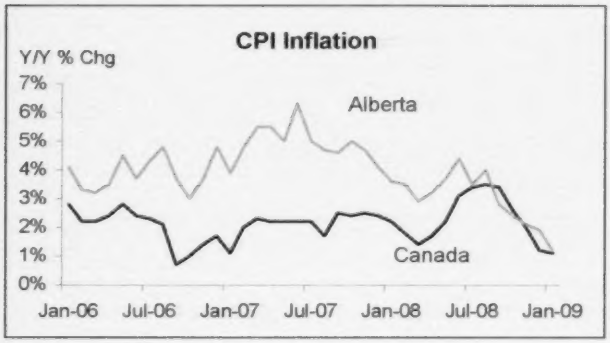
Weekly Economic Review

February 20, 2009

CPI Inflation

Inflation is nowhere to be seen…

Consumer prices in Alberta rose 1.2% on a year-over-year basis in January, the smallest increase since June 2005. A 24.6% fall in the price of gasoline helped offset increases in food prices and rental rates, leaving Alberta inflation only slightly higher than the Canadian average of 1.1%.



US Inflation

US annual inflation falls to a 54 year low…

The US consumer price index was unchanged in January, which marks the first month without a year-over-year increase since 1955. Energy expenses increased 1.7% between December and January, led by a 6.0% increase in the price of gasoline.

Livestock Inventories

Farm inventories decline across Canada…

Alberta livestock inventories declined on a year-over-year basis in January, with hog inventories falling 9.4% and cattle inventories down 3.2%. The downturn largely reflected increasing market uncertainty related to U.S. Country of Origin Labelling legislation, as well as rising feed grain prices. However, the Canadian government's Cull Breeding Swine Program likely increased the pace of the hog herd size reductions.

Manufacturing Shipments

Widespread manufacturing malaise...

Alberta manufacturing shipments decreased 8.5% on a month-over-month basis in December, similar to the Canadian average decline of 8.0%. Sales fell in most Alberta manufacturing sectors, lead by a 24.0% collapse in non-metallic shipments and a 19.3% decline in fabricated metals. Only the food manufacturing sector saw an increase of 0.4%.

↓	**Canadian Dollar (US¢/C$)**	
	February 20, 2009	79.74
	February 13, 2009	80.43
	2008-09 YTD	90.84
↑	**WTI Oil US$/bbl**	
	February 19, 2009	$ 39.48
	February 12, 2009	$ 33.98
	2008-09 YTD	$ 91.58
↓	**Nymex Natural Gas C$/MMBtu** *	
	February Contract	
	February 20, 2009	$ 5.05
	February 13, 2009	$ 5.51

* Estimate based on Nymex Futures Market Price

Wholesale Trade

Wholesale trade contracts in December...

Wholesale trade sales fell across Canada between November and December, declining by an average of 3.4%. Alberta registered a 6.0% decline, less than the decreases in Saskatchewan (14.9%) and British Columbia (6.1%).

Leading Indicators

Economic outlook is worsening…

The Statistics Canada composite index of leading indicators fell 0.8% in January, outpacing the 0.5% fall of a month earlier. The decline was widespread: of the components updated with January information, only the money supply showed an increase. The most significant month-over-month decreases came from the Toronto Stock Exchange and the housing index, down 9.5% and 7.0% respectively.

Global Equity Markets

A further decline…

Around the globe, equity prices declined further this week on rising pessimism about the global economy and the health of financial institutions.

Alberta CURRENT ECONOMIC INDICATORS

February 20, 2009

Overall Economy	2007	2008	2009YTD*	(year-over-year % change unless otherwise noted) August	Sept	Oct	Nov	Dec	Jan
Real GDP (in 2002 $billions)	187.5	--	--	--	--	--	--	--	--
% change	3.1	--	--	--	--	--	--	--	--
Nominal GDP ($ billions)	258.9	--	--	--	--	--	--	--	--
% change	8.1	--	--	--	--	--	--	--	--
Population[1] (000's) (level)	3,511	3,585	--	--	--	3,611	--	--	--
% change	2.6	2.1	--	--	--	2.4	--	--	--
Net Interprovincial Migraton[1] (level)	33,809	10,010	--	--	--	4,927	--	--	--
Net International Migration[1] (level)	16,136	19,283	--	--	--	4,907	--	--	--
Net Non-permanent Residents[1] (level)	13,539	17,890	--	--	--	8,061	--	--	--
Labour Market									
Employment (000's)	1,959	2,013	2,025	2,007	2,022	2,035	2,032	2,023	2,025
% change	4.7	2.8	1.2	1.9	2.3	3.2	3.2	1.5	1.2
Unemployment Rate (%)	3.5	3.6	4.4	3.5	3.8	3.7	3.5	4.2	4.4
Average Hourly Wage Rate	6.0	5.7	6.2	5.3	5.5	6.2	5.0	4.1	6.2
Average Weekly Earnings	4.5	4.9	--	5.3	5.8	3.9	5.8	--	--
Labour Income[2]	11.4	8.6	--	8.3	8.2	--	--	--	--
Price Indices									
Consumer Price Index	5.0	3.1	1.2	4.0	2.8	2.4	2.1	1.9	1.2
Excluding food and energy (NSA)	4.9	1.9	1.5	1.5	1.1	1.3	1.8	1.7	1.5
Non-Res. Const. Cost Index[3] (quarterly)	17.3	13.2	--	16.1 (Q3)	--	--	8.8 (Q4)	--	--
Farm Product Price Index	13.5	12.4	--	14.9	-0.5	0.5	-1.8	--	--
Crops	39.5	31.9	--	16.4	-4.5	-9.8	-13.5	--	--
Livestock	0.8	0.8	--	10.5	9.8	13.4	14.2	--	--
Household Sector									
Housing Starts (SAAR, 000's)	48.1	29.0	17.2	23.3	24.1	25.2	20.5	20.0	17.2
% change	-2.1	-39.7	-51.5	-53.0	-57.2	-46.8	-52.7	-48.3	-51.5
New Housing Price Index	22.5	0.7	--	-3.3	-3.4	-4.5	-5.1	-6.1	--
Edmonton	32.1	1.0	--	-5.7	-5.8	-7.7	-7.9	-8.2	--
Calgary	16.2	0.6	--	-1.1	-1.2	-1.6	-2.5	-4.3	--
MLS Average Resale Prices	24.3	-1.4	--	-5.2	-5.0	-3.7	-4.2	-7.4	--
Edmonton	34.3	-2.0	--	-4.8	-5.6	-8.6	-2.0	-5.7	--
Calgary	18.7	-2.9	--	-8.0	-6.0	-5.6	-6.0	-9.4	--
Retail Sales	9.3	0.6	--	-3.1	2.1	3.1	-5.7	--	--
New Motor Vehicle Sales	3.3	-7.2	--	-13.5	-1.9	-2.6	-11.6	-23.3	--
Business Sector									
Public and Private Investment[4]	4.9	3.8	--	--	--	--	--	--	--
Mining and oil and gas[4]	-5.5	-0.8	--	--	--	--	--	--	--
Rigs Drilling	-35.2	-2.1	-24.4	10.7	6.9	18.3	3.5	-10.2	-24.4
Goods Exports (customs based)	5.5	37.9	--	45.4	52.5	47.1	17.2	--	--
Energy	4.4	47.0	--	55.1	66.1	56.2	19.3	--	--
Agriculture	12.4	28.9	--	21.5	24.3	31.3	35.4	--	--
Total Farm Cash Receipts (quarterly)	11.9	18.4	--	--	--	--	18.4 (Q3)	--	--
Manufacturing Shipments (NSA)	1.9	6.9	--	10.1	20.6	7.6	-4.7	-7.8	--
Wholesale Trade (NSA)	4.5	10.9	--	11.7	21.4	14.8	7.4	14.3	--
Building Permits	13.4	-16.6	--	-31.2	-17.3	-42.4	-13.4	-33.1	--
Residential	10.7	-32.2	--	-46.5	-44.5	-34.2	-38.6	-39.9	--
Non-residential	17.1	4.2	--	-8.2	29.4	-48.9	24.3	-25.2	--

Alberta Finance and Enterprise

* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Quarterly; annual numbers are presented on a census year basis (July 1 - June 30). Year-to-date value is actual 2008. The October population estimate is also the 2009 year-to-date value.

[2] Total income earning in Alberta including wages and salaries, and supplementary income.

[3] Average of Calgary and Edmonton.

[4] 2008 based on initial investment intentions, 2007 preliminary actuals.

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association) and Rigs Drilling (Canadian Association of Oilwell Drilling Contractors).

CURRENT ECONOMIC INDICATORS, BY PROVINCE

	Canada	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
Conference Board Forecast (Autumn 2008)											
Real GDP Growth											
2007 (actuals, Statistics Canada)	**2.7%**	9.1%	2.4%	1.7%	1.7%	2.7%	2.3%	3.3%	2.5%	**3.1%**	3.0%
2008	**0.7%**	1.5%	0.7%	1.5%	1.0%	0.9%	0.2%	2.7%	5.2%	**1.2%**	1.2%
2009	**1.5%**	-0.7%	1.3%	1.0%	0.8%	1.5%	0.8%	2.4%	3.6%	**2.6%**	1.8%
Population (As of October 1, 2008)											
Population	**33,441,277**	508,944	140,750	939,125	747,790	7,771,854	12,977,059	1,210,547	1,020,847	**3,610,782**	4,405,534
Annual Growth Rate[a]	**1.19%**	0.30%	1.54%	0.26%	0.19%	0.87%	1.07%	1.10%	1.49%	**2.36%**	1.64%
Net Interprovincial Migration											
2008 Census Year (July 1 2007 to June 30 2008)		1,299	42	-117	-325	-12,399	-16,522	-503	8,067	**10,010**	11,458
3rd Quarter (July 1 to September 30 2008)		823	127	-722	-741	-3,046	-3,200	-1,515	2,064	**4,927**	1,484
Employment											
Level Change (000s)[b]	**-109.9**	-7.4	-1.9	2.6	3.2	-39.2	-70.2	3.5	16.6	**23.5**	-40.6
Percent Change[b]	**-0.7%**	-3.6%	-2.9%	0.6%	0.9%	-1.0%	-1.1%	0.6%	3.3%	**1.2%**	-1.8%
Unemployment Rate, 2009 avg	**7.2**	14.3	11.9	8.8	8.7	7.7	8.0	4.6	4.1	**4.4**	6.1
Participation Rate, 2009 avg	**67.4**	59.0	67.2	64.6	65.1	65.3	67.6	69.5	70.2	**74.9**	65.7
Average Weekly Earnings (SA)											
November 2008	**804.58**	752.99	649.18	692.73	741.61	746.68	835.82	725.17	770.06	**901.12**	780.47
% Increase[c]	**2.9%**	3.8%	2.0%	2.1%	3.3%	2.4%	2.6%	2.8%	4.4%	**4.9%**	2.0%
Wage Settlements (November 2008)										**4.8%**	
CPI Inflation											
January Annual	**1.1%**	0.9%	-0.1%	-0.1%	-0.5%	0.5%	1.4%	1.4%	2.4%	**1.2%**	1.4%
Excluding Shelter	**0.3%**	-0.2%	-0.2%	-0.7%	-1.0%	-0.2%	0.3%	0.4%	0.1%	**0.5%**	1.1%
Housing Starts (000s)											
SAAR January 2009	**153.5**	3.6	0.6	2.8	3.8	45.3	54.7	3.6	3.8	**17.2**	18.1
Retail Sales											
Percent Change[c]	**4.1%**	8.5%	5.4%	4.9%	5.2%	5.3%	4.3%	7.9%	11.7%	**0.6%**	1.4%
Avg. Monthly % Change (Jan-Nov 2008)	**-0.1%**	0.4%	0.5%	0.2%	0.2%	0.2%	-0.1%	0.2%	0.4%	**-0.3%**	-0.5%
Manufacturing Shipments											
Percent Change[c]	**-6.5%**	-33.7%	-7.6%	-12.9%	-30.8%	-3.0%	-5.5%	2.8%	-0.9%	**-7.8%**	-10.7%

a. Over the past 12 months
b. January 2009 Y/Y change, unadjusted for seasonal effects
c. 2007 to 2008 Y/Y change
SA-Seasonally Adjusted

Source: Statistics Canada, Canada Mortgage and Housing Corporation and Conference Board of Canada

Alberta Finance and Enterprise